

Message Text

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ACTION IO-13

INFO OCT-01 AGRE-00 USIA-06 AID-05 EB-08 EUR-12 COME-00
ISO-00 TRSE-00 L-03 FRB-03 OMB-01 ITC-01 SP-02
CIAE-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04
CEA-01 AF-08 ARA-06 EA-07 NEA-10 /105 W
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FM AMEMBASSY ROME
TO SECSTATE 3074
INFO AMEMBASSY NEW DELHI

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FODAG

E.O. 11652: N/A
TAGS: ETRD, FAO
SUBJECT: FAO MEETING ON HARD FIBERS

REF: (A) ROME 1628 (B) STATE 043877 (C) ROME 2651 (NOTAL)

1. IN A REVIEW OF UPCOMING FAO MEETING OF INTERGOVERNMENTAL GROUP ON HARD FIBERS, SOME INTERESTING POINTS WERE RAISED BY FAO SECRETARIAT WOLDE ON SISAL PRICES AND RESPONSE TO UNCTAD PROGRAM FOR HARD FIBERS.

2. FAO SECRETARIAT IS GOING TO PUSH FOR INDICATOR PRICE FOR RAW SISAL AND SISAL TWINE. AT PRESENT TIME PRODUCERS ARE SELLING RAW SISAL AT SAME PRICE AS TWINE WHICH MAKES A MOCKERY OF INDICATIVE PRICE FOR RAW SISAL ONLY. FURTHER THERE IS EVIDENCE OF A EUROPEAN CARTEL WHICH IS MAINTAINING A 20 PERCENT MARK-UP ON SISAL TWINE. CARTEL IMPORTS RAW SISAL AND ALSO IMPORTS TWINE WHICH IT MARKETS WITH ITS OWN TWINE PRODUCTION, ALL AT SAME PRICE. AGREEMENT GUARANTEES MARKET FOR PRODUCERS TWINE AND RAW JUTE, BUT PRO-
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DUCERS MUST SELL THROUGH CARTEL AND THUS CAN'T UNDER-SELL EUROPEAN-PRODUCED TWINE. U.S., WITHOUT TWINE PRODUCTION, IS NOT SAID TO BE INVOLVED AND, THEREFORE, BENEFITS BY LOWER PRICES. AT INTERGOVERNMENTAL GROUP ON HARD FIBERS USDEL SUGGESTS HE BE AUTHORIZED TO SUPPORT FAO EFFORTS TO AGREE ON AN INDICATIVE PRICE FOR BOTH RAW SISAL AND TWINE, AS A PRICE DIF-

ERENCE BETWEEN RAW SISAL AND TWINE WOULD TEND TO UNDERCUT ALLEGED CARTEL.

3. ON BASIS OF UNPRODUCTIVE UNCTAD MEETING ON HARD FIBERS, FAO BELIEVES THE CHANCES OF AGREEMENT ON A HARD FIBERS COMMODITY AGREEMENT ARE VERY SLIGHT, REFTEL (C). THERFORE, FAO HAS JUST APPROVED A MAJOR TECHNICAL IMPROVEMENT PROGRAM WHICH WILL ATTEMPT TO IMPROVE PRODUCTION OF SISAL AND THE EARLY STAGES OF MANUFACTURE. THE IDEA IS SIMILAR TO STEPS ALREADY TAKEN IN JUTE FIELD. FAO DIRECTOR GENERAL HAS ALLOCTAED FUNDS FOR FAO SUPPORT OF UNCTAD COMMODITY PROGRAMS. HARD FIVER TECHNICAL IMPROVEMNT PROGRAM WOULD BE FIRST BIG DRAW-DOWN OF THESE FUNDS. RETAILS OF PROGRAM WILL BE DESCRIBED AT INTERGOVERNMENTAL GROUP ON HARD FIBERS AND USDEL SUGGESTS THAT HE BE AUTHORIZED TO SUPPORT THIS FAO RESPONSE TO THE UNCTAD COMMODITY PROGRAM. IT PUTS THE EMPHASIS ON MORE EFFICIENT PRODUCTION RATHER THAN QUOTAS, BUT IT ALSO WILL HAVE A FINANCIAL IMPACT BECAUSE THE FAO IN ITS 1978/79 BUDGET OR THROUGH BILATERAL APPROACH CAN BE EXPECTED TO SEEK MORE FUNDS FOR THIS PROGRAM AND SIMILAR PROGRAMS IN OTHER UNCTAD COMMODITY AREAS.BEAUDRY

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Copy: SINGLE
Sent Date: 02-Mar-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
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